

## 1.0 Executive Summary

Broadband fixed wireless technologies will be used to deliver voice, data, and video services as well as Internet access. This is a key message of a new International Data Corporation (IDC) report (<http://www.idc.com/communications/press/pr/CM121399PR.stm>), which analyzes the U.S. broadband fixed wireless services market. According to IDC, the U.S. market for services delivered via these technologies will skyrocket from \$767 million in 1999 to \$7.4 billion by 2003.

"By 2003, 34% of U.S. households and 45% of U.S. businesses will be served by broadband wireless networks." - Strategis Group, Feb. 2000.

Frontier Broadband is a start-up company that will provide wireless broadband Internet service, offer DSL voice and data solutions to MTU and REIT customers (via our wireless infrastructure) and design and construct high-speed laser optical networks. The partners of the company, Kory Mohr, Mike Sowers and Anthony Johnston, are contributing significant Internet Service Provider (ISP) and Internet technology experience, computer network administration knowledge and business and marketing skills. Their expertise and reputation give Frontier Broadband a competitive service advantage.

We initially plan to offer our services to the Richmond, Virginia metropolitan area. This region consists of 94,000 verified households, eligible for line of sight service. In addition, our solution allows us to offer our services to households outside of line of sight. We anticipate providing service to over 5,000 subscribers within our first year of operations. We anticipate rolling out service to larger regions including the state of Virginia, the Mid-Atlantic region and finally establishing a national presence.

Frontier Broadband will partner with Atlantic Tower Corporation for assistance with tower site acquisition and surveying, the installation of our wireless infrastructure and end-user equipment and also for RF consulting solutions. Atlantic Tower is a Virginia-based entity with over 30 years of telecommunications experience, including microwave radio solutions. We have also partnered with LeClair Ryan, our legal firm and Keiter, Stephens, Hurst, Gary and Shreaves, our accounting firm.

Frontier Broadband will need approximately \$2.27 million for start-up capital. This is broken down into \$250,000 for seed funding, \$935,000 for pilot deployment and \$1,085,000 for building out and launching of the business. We are initially estimating our pre-money valuation at \$3 million.

We plan to use funding to promote our marketability, purchase equipment and initial CPE (Customer Premise Equipment) inventory, deploy a three-month pilot phase, deploy a MTU solution pilot for a 100-unit building, deploy a five-node pilot 622Mbps laser infrastructure for enterprise customers, and maintain the infrastructures and research and implement various revenue generating avenues including commercial virtual private network (VPN) solutions, Voice over IP (VoIP), partnering with DSL providers in extending their data and voice offerings beyond their maximum distances and other broadband related services to markets that are currently out of reach of traditional broadband access services.

Frontier Broadband's marketing plan is designed to initially attempt to convert a large portion of non-wireless broadband customers to a solution that offers instant mobility and stability at competitive prices. Additional marketing and advertising strategies are designed to target the residential and commercial clients who may not currently have access to high-speed Internet service at a reasonable price with excellent service. Strategies are also being designed to target multi-tenant buildings and dwellings that require a dedicated, high-speed Internet connection without extensive and expensive network cabling and equipment efforts.

Frontier Broadband's particular niche and positioning will appeal to customers who are currently unable to receive a dedicated, high-speed Internet connection due to distance limitations and quality of service issues.

- Dial-up access generally ranges up to 56Kbps over an analog modem and is usually not considered a dedicated connection. Voice and data cannot share the same telephone line via this medium.
- DSL may range from 128Kbps up to 1.5Mbps for residential service and from 256Kbps to 5Mbps and beyond for business class service. DSL can only be implemented if the customer's home or business is within 18,000 to 25,000 feet of the CO (central office, which holds the DSL networking equipment). The network's data capacity degrades as it travels further from the CO.
- Cable modem access ranges from 1.5Mbps to 10Mbps, depending on network saturation. The more subscribers who access the service, the slower the network becomes. There is an issue of security when a cable modem is being used with Windows95 and up. Personal files on local hard drives may be compromised if actions are not taken.

Frontier Broadband will successfully compete against its competitors by offering a wireless, high-speed Internet connection without the need for cable or copper wiring infrastructures. Frontier will utilize the licensed MMDS spectrum, thus protecting market segments and ensuring value for our customers. We are currently in the process of negotiating with the current MMDS license holder to allow for our use of the license.

Frontier Broadband is committed to designing and maintaining a world class network. A world class network can be defined as a network that provides extremely high levels of reliability, quality and performance. We will utilize an 8:1 subscriber to infrastructure ratio and consistently monitor the saturation rate of data transfer to prevent the network from becoming too saturated. This will also assist us in determining when to upgrade our backbone data transfer speed. Once this network is built, it must be managed in a way that the services it provides to customers can be offered at extremely competitive rates. It is this unique blend technical and business talent that will separate Frontier Broadband from the competition.

The following figures represent a summary of Frontier Broadband's anticipated returns and revenues:

<b>Returns &amp; Revenues:</b>		
Gross margins percentages:		
FY 2001	FY2002	FY2003
90.80%	94.10%	94.01%
Gross margins:		
\$9,609,070	\$11,949,175	\$14,789,090
Net Profit percentages:		
62.91%	62.13%	62.19%
Net Profits:		
\$6,657,653	\$7,890,212	\$9,783,520

## 1.1 Objectives

1. Build and maintain a world class wireless network.
2. Acquire 5% of the market share for broadband Internet service by the end of the first year of operations.
3. Add additional services that utilize the robust infrastructure built by Frontier Broadband.
4. Obtain 60% market share by the end of the third year of operations.

## 1.2 Mission

Frontier Broadband strives to provide the highest quality communication services to its customers while providing an enormous value by taking advantage of the latest in wireless technology. Frontier Broadband will win life-long customers not only through the services that are provided, but also through the personal care of customers. This approach will provide the best products and services to customers and the highest returns to all company stakeholders.

## 1.3 Keys to Success

1. Build a World Class network on which to support our products and services.
2. Develop life-long customers by providing great products and services at a reasonable price with a personal touch.
3. Never become complacent with technology. To succeed, one must embrace promising, new technologies to provide higher qualities of products and services.
4. Maintain steady growth; if growth is too fast or too slow, the company will face hardships.